

## CHAPTER 9 - MODERATE INCOME HOUSING

Utah State Code (Section 10-9a-403) requires municipalities to include a plan for moderate-income housing as part of a general plan. It outlines a responsibility of a City to facilitate a “reasonable opportunity” for those households with moderate income to live within the City. This chapter meets the requirements of a Moderate Income Housing Plan for Murray.

Moderate-income housing is defined by HUD as “housing occupied or reserved for occupancy by households with a gross household income equal to or less than 80 percent of the median gross income for households of the same size in the county in which the City is located.” This study uses Area Median Income (AMI) in Salt Lake County as determined by the U.S. Department of Housing and Urban Development (HUD) and average household size to determine moderate income thresholds for an average household.



### MODERATE INCOME HOUSING GOAL AND SUPPORTING OBJECTIVES



## 9.1 WHAT WE KNOW

## LOW-INCOME HOUSING

The Utah Affordable Housing Database, managed by the Utah Department of Housing & Community Development, lists four apartment complexes as low-income apartments, which contain a total of 352 units. These are comprised of 70 one-bedroom units; 223 two-bedroom units; and 59 three-bedroom units. See Table 9.1. Additional low-income units are available in complexes that, as a whole, are not classified low income, such as Lions Gate and Brick Gate in the Fireclay District.

Table 9.1: Current Low Income Apartment Complexes in Murray

Property Name	Address	Bedrooms	Total Units	Approximate Monthly Rent
Birkhill on Main	16 E. Gilbride Ave	1	70	\$447
Birkhill on Main	16 E. Gilbride Ave	2	15	\$629
Birkhill on Main	16 E. Gilbride Ave	3	11	\$815
Frontgate Apartments	4623 South Urban Way (230 West)	2	80	\$784
Frontgate Apartments	4623 S Urban Way	3	48	\$950
Hillside Apartments	5484 S. 235 E.	2	48	\$699
Parkgate Apartments	5491 Jackie s Way (141 East)	2	80	\$784
<b>Total</b>			<b>352</b>	

Source: Utah Affordable Housing Database (Utah Department of Housing & Community Development)



As part of the creation of redevelopment areas, Murray has set aside housing funds to be used to assist with the development of affordable housing within the City. The City's five redevelopment areas, along with the estimated amount of housing set-aside funds is shown in Table 9.2

**Table 9.2: Housing Set Asides by Redevelopment Area**

Description	CBD	Cherry	East Vine	Smelter	Fireclay
Base Year	1982	2005	2007		
Total Years	20	15	20	32	20
Expiration Year	2034	2023	2028	2023	2032
Housing Set Aside	20%	0%	0%	20%	20%
<i>Estimated Total Housing Funds</i>	<i>\$4,663,824</i>	<i>\$0</i>	<i>\$0</i>	<i>\$2,636,337</i>	<i>\$4,493,131</i>

## AREA MEDIAN INCOMES

In order to determine the availability of affordable housing, or the opportunity for low- to moderate-income households to live in the City, this section defines what is affordable for the targeted income groups at 80 percent, 50 percent, and 30 percent of the Area Median Income. The FY2014 HUD AMI<sup>1</sup> is \$68,700. Given this AMI, the targeted income group cut-offs are shown in the Table 9.3 below.

**Table 9.3: Income Thresholds for Targeted Income Groups**

	30% of AMI	50% of AMI	80% of AMI
Household Income (based on HUD AMI for families)	\$20,610	\$34,350	\$54,960

## 9.2 HOW IT WILL HELP US PLAN FOR THE FUTURE

HUD considers an affordable monthly housing payment for either a mortgage or rent to be no greater than 30 percent of gross monthly income. This 30 percent should include utilities and other housing costs such as mortgage and hazard insurance. Table 9.4 below shows affordable monthly allowances for each of the targeted income group levels. These amounts represent total housing costs affordable at 30 percent of gross income. Utah Code does not stipulate whether those of moderate income must be able to purchase a home, so the allowance considers affordability for either a mortgage or rental rate. A family choosing housing would need to factor utilities and other fees for a given housing unit within this affordable range. For example, a household at the 80 percent AMI threshold has a monthly housing allowance of \$1,374. If utilities are \$250, the family can afford a rent or mortgage payment of \$1,124 per month.

**Table 9.4: Affordable Monthly Housing Allowances for Targeted Income Groups**

Family Income Level	30% of AMI	50% of AMI	80% of AMI
Monthly Housing Allowance (Including Utilities)	\$515	\$859	\$1,374
Monthly Housing Payment Allowance (not including \$250 in Utilities)	\$265	\$609	\$1,124

<sup>1</sup>The HUD AMI figure is released annually. It is based on a median family income and used as a standard figure across all HUD programs. Although it is a family income, it is the standard figure used by HUD and other housing programs, as well as affordability studies and consolidated plans, even when compared against households. This is to maintain comparability across programs and studies. This study uses the HUD AMI for this comparability and industry standard. If household income were to be used instead of family income to compare to affordable housing units, the City would find less affordable units within the City.

Table 9.5 shows the home price ranges affordable for targeted income groups to purchase at various interest rates. Note the significant difference the interest rate makes on affordability. This assumes utility payments at \$250 per month,<sup>2</sup> current Murray property tax rates, mortgage and hazard insurance, interest at the given rates, 30-year mortgage term and a ten percent down payment. While current rates are between four and five percent, making housing much more affordable now, affordability in the City will be more difficult to maintain if interest rates rise.

**Table 9.5: Affordable Home Price Ranges by Targeted Income Group and Interest Rate**

Household Income Range	Household Income Range	Home Price Range					
		4 Percent Mortgage		5 Percent Mortgage		6 Percent Mortgage	
		Low	High	Low	High	Low	High
< 30% of AMI	< \$20,610	\$0	\$52,346	\$0	\$47,456	\$0	\$43,172
30% to 50% of AMI	\$20,610 - \$34,350	\$52,346	\$120,135	\$47,456	\$108,912	\$43,172	\$99,811
50% to 80% of AMI	\$34,350 - \$54,960	\$120,135	\$221,818	\$108,912	\$201,095	\$99,811	\$182,940

The maximum monthly rental allowance for 80% AMI is \$1,374, including \$250 for utilities.

**Table 9.6: Affordable Home Rental Ranges, Including Utilities**

Household Income Level	Income Range	Affordable Home Rental Price Range (with Utilities)
< 30% of AMI	< \$20,610	up to \$515
30% to 50% of AMI	\$20,610 - \$34,350	\$515-\$859
50% to 80% of AMI	\$34,350 - \$54,960	\$859-\$1,374
Above 80%	>\$54,960	More than \$1,374
Total		

<sup>2</sup> Utilities are assumed to be higher for a larger average home size.

## PRICING AND AFFORDABILITY

*Single-Family Residential*

As in the housing stock analysis, affordability is broken into two housing categories: one for SFRs, condos, duplexes, PUD, and PUD townhomes and a second for multi-family rental. The affordability of the first category of units, regardless of rental status, is based on market value as given by the County Assessor's Office. The affordability of multi-family units is based on rental rates, as gathered through interviews with each complex and data from the US Census.

Table 9.7 below shows the distribution of single-family units by home value, as maintained by the Salt Lake County Assessor's Office. Nearly 51 percent all units are valued less than \$220,000, or above the \$201,095 threshold.<sup>3</sup> The median value, according to the Salt Lake County Assessor's Office, is \$200,300, while the 2013 ACS places the City's median household value higher at \$227,400. Approximately 51 percent of single-family units are within the affordability range.

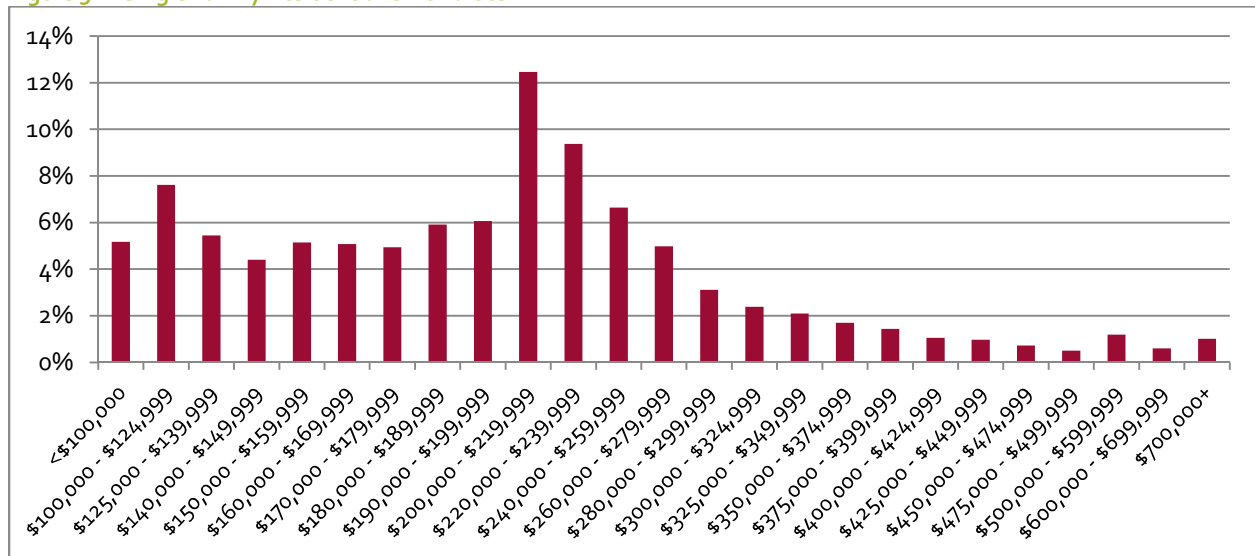
**Table 9.7: Single Family Residential Unit Values**

Home Value	# of Units	% Total	Cumulative % of Total
<\$100,000	757	5%	5%
\$100,000 - \$124,999	1,115	8%	13%
\$125,000 - \$139,999	797	5%	18%
\$140,000 - \$149,999	645	4%	23%
\$150,000 - \$159,999	752	5%	28%
\$160,000 - \$169,999	742	5%	33%
\$170,000 - \$179,999	723	5%	38%
\$180,000 - \$189,999	865	6%	44%
\$190,000 - \$199,999	888	6%	50%
\$200,000 - \$219,999	1,823	12%	62%
\$220,000 - \$239,999	1,371	9%	72%
\$240,000 - \$259,999	971	7%	78%
\$260,000 - \$279,999	728	5%	83%
\$280,000 - \$299,999	456	3%	86%

<sup>3</sup> Based on a 5 percent mortgage rate

Home Value	# of Units	% Total	Cumulative % of Total
\$300,000 - \$324,999	349	2%	89%
\$325,000 - \$349,999	306	2%	91%
\$350,000 - \$374,999	248	2%	93%
\$375,000 - \$399,999	210	1%	94%
\$400,000 - \$424,999	154	1%	95%
\$425,000 - \$449,999	141	1%	96%
\$450,000 - \$474,999	105	1%	97%
\$475,000 - \$499,999	73	0%	97%
\$500,000 - \$599,999	175	1%	98%
\$600,000 - \$699,999	87	1%	99%
\$700,000+	148	1%	100%
Total	14,629	100%	100%

Figure 9.1: Single Family Residential Unit Values



Source: Salt Lake County Assessor's Office

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### Multi-Family Residential

Based on interviews with apartment complexes in Murray, as shown in Table 9.8, it appears that rental units in Murray are quite affordable, with over 90 percent of apartments below 80% AMI.<sup>4</sup>

**Table 9.8: Number of Households by Income Category with Number of Affordable Units**

Household Income Level	Income Range	Affordable Home Rental Price Range (with Utilities)	Estimated # of Affordable Multi-Family Units	Percent of Total
< 30% of AMI	< \$20,610	up to \$515	34	0.8%
30% to 50% of AMI	\$20,610 - \$34,350	\$515-\$859	243	5.6%
50% to 80% of AMI	\$34,350 - \$54,960	\$859-\$1,374	3,676	85.0%
Above 80%	>\$54,960	More than \$1,374	370	8.6%
Total			4,323	100%

According to the ACS, the median gross rent in Murray is \$902, which falls in the 50 to 80 percent of AMI income level (\$1,374 monthly rental allowance). If we assume that 3/4 of the rental units between \$1,000 and \$1,499 are below \$1,374, and the other 1/4 are above \$1,374, then approximately 82 percent of occupied rental units are within the 80 percent of AMI threshold. While this number is less than the estimated affordable rental units based on the apartment interviews, it is still an extremely high affordability rate.

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<sup>4</sup> Data was collected for 4,323 units from 26 complexes. The Assessor's Office listed 4,721 units that could potentially be rental units, leaving 398 units not accounted for which data was not collected.



Table 9.9: Gross Rent (with AMI Levels)

Gross Rent	Number of Units	% of Total	Cumulative % of Total
Less than \$200	10	0%	0%
\$200 to \$299	65	1%	1%
\$300 to \$499 (approx.. 30% AMI)	100	2%	3%
\$500 to \$749	1,169	19%	22%
\$750 to \$849 (approx. 50% AMI)	928	15%	36%
\$849 to \$999	1,407	23%	59%
\$1,000 to \$1,375 (approx. 80% AMI)	1,436	23%	82%
\$1,375 or more	776	12%	94%
No Cash Rent	355	6%	100%
Total	6,246	100%	

Source: ACS 2013; ZBPF

If we assume that 82 percent of the remaining 398 units<sup>5</sup> fall below the 80 percent threshold, then there are approximately an additional 326 affordable rental units, for an estimated total of 4,279 affordable rental units in Murray, with 442 rental units that are above the 80 percent threshold, for a total rental affordability rate of 91 percent. Table 9.10 shows the distribution of all 4,721 rental units, assuming that the distribution of these units is similar to the distribution by the US Census (Table \_\_\_\_).

<sup>5</sup> Units from the apartment interviews for which data was not available

Table 9.10: Number of Households by Income Category with Number of Affordable Units

Household Income Level	Income Range	Home Rental Price Range (with Utilities)	Estimated # of Multi-Family Units	Percent of Total Rental Units
< 30% of AMI	< \$20,610	up to \$515	46	1.0%
30% to 50% of AMI	\$20,610 - \$34,350	\$515-\$859	375	7.9%
50% to 80% of AMI	\$34,350 - \$54,960	\$859-\$1,374	3,859	81.7%
Above 80%	>\$54,960	More than \$1,374	442	9.4%
Total			4,721	100%

### MATCHING MARKET WITH DEMOGRAPHICS

Using the housing allowances calculated earlier, Table 9.11 below shows how Murray's SFR, condo, PUD, and duplexes match against current income at all levels for Salt Lake County. The median household income for Salt Lake County is \$60,555, with 21 percent of households in the County falling within the \$50,000 to \$74,999 range. In Murray, roughly 48 percent of the SFR, condo, PUD and duplex units are affordable to households in that income range. The percent of homes in each home value range meet the percent of income ranges within the County for incomes between \$25,000 and \$74,999. There is, however, a shortage homes for incomes above \$75,000 and below \$25,000, though it is likely that housing needs for homes with less than \$25,000 in income rent are met through the low-income rental market.

Table 9.11: Percent of Households by Income Category with Percent of Affordable Single-Family Units

Household Income Range	% of Households in Income Range – Salt Lake County	Affordable Housing Price Range (5% Mortgage)	% of Properties in Value Range
\$10,000 or less	5.0%	\$0	0.0%
\$10,000 to \$14,999	3.9%	\$0 - \$22,359	0.0%
\$15,000 to \$24,999	9.0%	\$22,364 - \$67,087	0.1%
\$25,000 to \$34,999	9.3%	\$67,091 - \$111,814	10.0%
\$35,000 to \$49,999	13.6%	\$111,819 - \$178,906	27.3%
\$50,000 to \$74,999	20.9%	\$178,910 - \$290,724	47.8%
\$75,000 to \$99,999	14.7%	\$290,729 - \$402,543	9.0%
\$100,000 to \$149,999	14.5%	\$402,548 - \$626,181	4.5%
\$150,000 to \$199,999	4.9%	\$626,185 - \$849,819	0.9%
\$200,000 or more	4.3%	\$849,823 or more	0.5%

Based on the percent of households in Salt Lake County within specific income ranges, and the percentage of rental units in Murray that are within the affordable home rental ranges for those income ranges, 91 percent of rental units are affordable to households at 80 percent of AMI; therefore, there is a reasonable opportunity for a household in Salt Lake County to rent in Murray. Furthermore, the majority of apartment complexes interviewed stated that they accept Section 8 vouchers, which increases the overall affordability of apartments in Murray to low-income households.

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**Table 9.12: Percent of Households by Income Category with Percent of Affordable Multi-Family units**

Household Income Range	% of Households in Income Range – Salt Lake County	Affordable Home Rental Price Range	Estimated % of Units in Value Range - Murray
\$10,000 or less	5.0%	\$0 - \$250	0.0%
\$10,000 to \$14,999	3.9%	\$250 - \$375	0.0%
\$15,000 to \$24,999	9.0%	\$375 - \$625	2.0%
\$25,000 to \$34,999	9.3%	\$625 - \$875	10.0%
\$35,000 to \$49,999	13.6%	\$875 - \$1,250	61.7%
\$50,000 to \$74,999	20.9%	\$1,250 - \$1,875	26.5%
\$75,000 to \$99,999	14.7%	\$1,875 - \$2,500	0.0%
\$100,000 to \$149,999	14.5%	\$2,500 - \$3,750	0.0%
\$150,000 to \$199,999	4.9%	\$3,750 - \$5,000	0.0%
\$200,000 or more	4.3%	\$5,000 or more	0.0%

For the targeted low- and moderate-income households, there are many units available that are affordable to households below 50 percent of AMI. Of the 14,630 single-family, duplex, PUD, or condo units, approximately 7,392, or 51 percent, are available to those with less than 80 percent of AMI.

**Table 9.13: Number of Affordable Units by Targeted Income Group**

Household Income Level	Income Range	Affordable Home Price Range (5% Mortgage)	Number of Affordable SFR, Condo, PUD, Duplex Units
< 30% of AMI	< \$20,610	\$0 - \$47,546	0
30% to 50% of AMI	\$20,610 - \$34,350	\$47,456 - \$108,912	1,411
50% to 80% of AMI	\$34,350 - \$54,960	\$108,912 - \$201,095	5,981

Combining the total number of affordable single family units and multi-family units indicates a total of 9,840 affordable units in Murray or 60 percent of the 19,351 units in Murray (Table 9.14). Therefore, there is a reasonable opportunity for those making 80 percent of AMI to live in Murray.

**Table 9.14: Total Number of Affordable Units by Targeted Income Group**

Household Income Level	Income Range	Number of Affordable SFR, Condo, PUD, Duplex Units	Number of Affordable Multi-Family Units	Total Affordable Units	% of All Units	Cumulative % of All Units
< 30% of AMI	< \$20,610	0	46	46	0.2%	0.2%
30% to 50% of AMI	\$20,610 - \$34,350	1,411	375	1,786	9.2%	9.5%
50% to 80% of AMI	\$34,350 - \$54,960	5,981	3,859	9,840	50.9%	60.3%
Total		7,392	4,279	11,671	60.3%	

**Table 9.15: Percent of Units by Household Income Range**

Household Income Range	% of Households in Income Range – Salt Lake County	% of Single Family Units in Value Range	% of Multi-Family Units in Value Range	% of Total Units in Value Range
\$10,000 or less	5.0%	0%	0%	0%
\$10,000 to \$14,999	3.9%	0%	0%	0%
\$15,000 to \$24,999	9.0%	0%	2%	1%
\$25,000 to \$34,999	9.3%	12%	10%	11%
\$35,000 to \$49,999	13.6%	36%	62%	49%
\$50,000 to \$74,999	20.9%	40%	26%	33%
\$75,000 to \$99,999	14.7%	7%	0%	4%
\$100,000 to \$149,999	14.5%	3%	0%	2%
\$150,000 to \$199,999	4.9%	1%	0%	0%
\$200,000 or more	4.3%	0%	0%	0%

Mortgage rates can significantly influence the percent of affordable homes. For example, when calculating housing costs, if a 6 percent mortgage rate is used instead of a 5 percent mortgage then the overall percent of affordable homes decreases from 60.3 percent to 52.0 percent.

**Table 9.16: Percent of Units by Mortgage Rate**

Household Income Level	4% Mortgage	% of Total	5% Mortgage	% of Total	6% Mortgage	% of Total
Affordable SFR	9,279	63.4%	7,392	50.5%	5,791	39.6%
Affordable MFR	4,279	50.5%	4,279	50.5%	4,279	50.5%
Total Affordable Units	13,558	70.1%	11,671	60.3%	10,070	52.0%
Total Units	19,351		19,351		19,351	

### 9.3 MODERATE INCOME HOUSING GOAL, OBJECTIVES & STRATEGIES

#### MODERATE INCOME HOUSING OVERALL GOAL

Provide a diversity of housing through a range of types and development patterns to expand the moderate income housing options available to existing and future residents.

#### MODERATE INCOME HOUSING OBJECTIVES & STRATEGIES

##### **OBJECTIVE 1: ENSURE HOUSING AFFORDABILITY TARGETS ARE ACHIEVABLE USING A RANGE OF STRATEGIES.**

**Strategy:** Promote affordable housing options that address the needs of low to moderate income households and individuals and offer options for a range of demographics and lifestyles.

**Strategy:** Ensure zoning of residential areas does not prohibit compatible types of housing.

**Strategy:** Continue to support ADUs (Accessory Dwelling Units) in all residential zones.

**Strategy:** Continue to support the use of density bonuses for constructing affordable housing options.

**Strategy:** Maintain reduced residential parking requirements in the MCCD, Mixed Use, and Transit Oriented Development zones.

**Strategy:** Implement transit oriented development and/or mixed use zoning for properties in and around transit stations.

##### **OBJECTIVE 2: PROVIDE THE OPPORTUNITY FOR AFFORDABLE HOME OWNERSHIP BY OFFERING A RANGE OF HOUSING TYPES FOR PURCHASE, INCLUDING ATTACHED DWELLINGS.**

**Strategy:** Support a range of housing types, including townhomes, row-homes, and duplexes, which appeal to younger and older individuals as well as a variety of population demographics.

**Strategy:** Review zoning ordinances and make modifications where necessary to allowable housing types, lot size, setbacks and other factors that limit types of housing in a zone.